



General Assembly

**Substitute Bill No. 5068**

February Session, 2004

\* \_\_\_\_\_ HB05068JUD \_\_\_\_\_ 040504 \_\_\_\_\_ \*

**AN ACT CONCERNING LOTTERY VENDOR, AFFILIATE AND  
OCCUPATIONAL LICENSES.**

Be it enacted by the Senate and House of Representatives in General Assembly convened:

1 Section 1. Section 12-815a of the general statutes is repealed and the  
2 following is substituted in lieu thereof (*Effective from passage*):

3 [The executive director of the Division of Special Revenue shall  
4 require the person or business organization awarded the primary  
5 contract by the Connecticut Lottery Corporation to provide facilities,  
6 components, goods or services which are necessary for the operation of  
7 the activities of said corporation to submit to state and national  
8 criminal history records checks. No such person or business  
9 organization may provide such facilities, components, goods or  
10 services unless such person or business organization submits to a state  
11 police background investigation in accordance with subsection (i) of  
12 section 12-574 or is issued a vendor license by the executive director of  
13 the Division of Special Revenue. The criminal history records checks  
14 required pursuant to this section shall be conducted in accordance  
15 with section 29-17a.]

16 (a) The executive director of the Division of Special Revenue shall  
17 issue vendor, affiliate and occupational licenses in accordance with the  
18 provisions of this section.

19     (b) No person or business organization awarded a primary contract  
20 by the Connecticut Lottery Corporation to provide facilities,  
21 components, goods or services that are necessary for and directly  
22 related to the secure operation of the activities of said corporation shall  
23 do so unless such person or business organization is issued a vendor  
24 license by the executive director of the Division of Special Revenue.  
25 For the purposes of this subsection, "primary contract" means a  
26 contract to provide facilities, components, goods or services to said  
27 corporation by a person or business organization (1) that provides any  
28 lottery game or any online wagering system related facilities,  
29 components, goods or services and that receives or, in the exercise of  
30 reasonable business judgment, can be expected to receive more than  
31 seventy-five thousand dollars or twenty-five per cent of its gross  
32 annual sales from said corporation, or (2) that has access to the  
33 facilities of said corporation and provides services in such facilities  
34 without supervision by said corporation. Each applicant for a vendor  
35 license shall pay a nonrefundable application fee of two hundred  
36 dollars.

37     (c) No person or business organization, other than a shareholder in  
38 a publicly traded corporation, may be a subcontractor for the provision  
39 of facilities, components, goods or services that are necessary for and  
40 directly related to the secure operation of the activities of the  
41 Connecticut Lottery Corporation, or may exercise control in or over a  
42 vendor licensee unless such person or business organization is licensed  
43 as an affiliate licensee by the executive director. Each applicant for an  
44 affiliate license shall pay a nonrefundable application fee of two  
45 hundred dollars.

46     (d) (1) Each employee of a vendor or affiliate licensee who has  
47 access to the facilities of the Connecticut Lottery Corporation and  
48 provides services in such facilities without supervision by said  
49 corporation or performs duties directly related to the activities of said  
50 corporation shall obtain an occupational license.

51     (2) Each officer, director, partner, trustee or owner of a business

52 organization licensed as a vendor or affiliate licensee and any  
53 shareholder, executive, agent or other person connected with any  
54 vendor or affiliate licensee who, in the judgment of the executive  
55 director, will exercise control in or over any such licensee shall obtain  
56 an occupational license.

57 (3) Each employee of the Connecticut Lottery Corporation shall  
58 obtain an occupational license.

59 (e) The executive director shall issue occupational licenses in the  
60 following classes: (1) Class I for persons specified in subdivision (1) of  
61 subsection (d) of this section; (2) Class II for persons specified in  
62 subdivision (2) of subsection (d) of this section; (3) Class III for persons  
63 specified in subdivision (3) of subsection (d) of this section who, in the  
64 judgment of the executive director, will not exercise authority over or  
65 direct the management and policies of the Connecticut Lottery  
66 Corporation; and (4) Class IV for persons specified in subdivision (3) of  
67 subsection (d) of this section who, in the judgment of the executive  
68 director, will exercise authority over or direct the management and  
69 policies of the Connecticut Lottery Corporation. Each applicant for a  
70 Class I or III occupational license shall pay a nonrefundable  
71 application fee of ten dollars. Each applicant for a Class II or IV  
72 occupational license shall pay a nonrefundable application fee of fifty  
73 dollars. The nonrefundable application fee shall accompany the  
74 application for each such occupational license.

75 (f) In determining whether to grant a vendor, affiliate or  
76 occupational license to any such person or business organization, the  
77 executive director may require an applicant to provide information as  
78 to such applicant's: (1) Financial standing and credit; (2) moral  
79 character; (3) criminal record, if any; (4) previous employment; (5)  
80 corporate, partnership or association affiliations; (6) ownership of  
81 personal assets; and (7) such other information as the executive  
82 director deems pertinent to the issuance of such license, provided the  
83 submission of such other information will assure the integrity of the  
84 state lottery. The executive director shall require each applicant for a

85 vendor, affiliate or occupational license to submit to state and national  
86 criminal history records checks and may require each such applicant to  
87 submit to an international criminal history records check before such  
88 license is issued. The state and national criminal history records checks  
89 required pursuant to this subsection shall be conducted in accordance  
90 with section 29-17a. The executive director shall issue a vendor,  
91 affiliate or occupational license, as the case may be, to each applicant  
92 who satisfies the requirements of this subsection and who is deemed  
93 qualified by the executive director. The executive director may reject  
94 for good cause an application for a vendor, affiliate or occupational  
95 license.

96 (g) Each vendor, affiliate or Class I or II occupational license shall be  
97 effective for not more than one year from the date of issuance. Each  
98 Class III or IV occupational license shall remain in effect throughout  
99 the term of employment of any such employee holding such a license.  
100 The executive director may require each employee issued a Class IV  
101 occupational license to submit information as to such employee's  
102 financial standing and credit annually. Initial application for and  
103 renewal of any such license shall be in such form and manner as the  
104 executive director shall prescribe.

105 (h) (1) The executive director may suspend or revoke for good cause  
106 a vendor, affiliate or occupational license after a hearing held before  
107 the executive director in accordance with chapter 54. The executive  
108 director may order summary suspension of any such license in  
109 accordance with subsection (c) of section 4-182.

110 (2) Any such applicant aggrieved by the action of the executive  
111 director concerning an application for a license, or any person or  
112 business organization whose license is suspended or revoked, may  
113 appeal to the Gaming Policy Board not later than fifteen days after  
114 such decision. Any person or business organization aggrieved by a  
115 decision of the board may appeal pursuant to section 4-183.

116 (3) The executive director may impose a civil penalty on any

117 licensee for a violation of any provision of this chapter or any  
118 regulation adopted under section 12-568a in an amount not to exceed  
119 two thousand five hundred dollars after a hearing held in accordance  
120 with chapter 54.

121 (i) The executive director may require that the books and records of  
122 any vendor or affiliate licensee be maintained in any manner which the  
123 executive director may deem best, and that any financial or other  
124 statements based on such books and records be prepared in  
125 accordance with generally accepted accounting principles in such form  
126 as the executive director shall prescribe. The executive director or a  
127 designee may visit, investigate and place expert accountants and such  
128 other persons as deemed necessary in the offices or places of business  
129 of any such licensee for the purpose of satisfying himself that such  
130 licensee is in compliance with the regulations of the division.

131 (j) For the purposes of this section, (1) "business organization"  
132 means a partnership, incorporated or unincorporated association, firm,  
133 corporation, trust or other form of business or legal entity; (2) "control"  
134 means the power to exercise authority over or direct the management  
135 and policies of a licensee; and (3) "person" means any individual.

136 (k) The executive director of the Division of Special Revenue may  
137 adopt such regulations, in accordance with chapter 54, as are necessary  
138 to implement the provisions of this section.

139 Sec. 2. Section 12-557e of the general statutes is repealed and the  
140 following is substituted in lieu thereof (*Effective from passage*):

141 The Gaming Policy Board shall work in cooperation with the  
142 Division of Special Revenue to implement and administer the  
143 provisions of this chapter and chapter 226b. In carrying out its duties  
144 the board shall be responsible for: (1) Approving, suspending or  
145 revoking licenses issued under subsection (a) of section 12-574; (2)  
146 approving contracts for facilities, goods, components or services  
147 necessary to carry out the provisions of section 12-572; (3) setting  
148 racing and jai alai meeting dates, except that the board may delegate to

149 the executive director the authority for setting make-up performance  
 150 dates within the period of a meeting set by the board; (4) imposing  
 151 fines on licensees under subsection (j) of [said] section 12-574; (5)  
 152 approving the types of pari-mutuel betting to be permitted; (6)  
 153 advising the executive director concerning the conduct of off-track  
 154 betting facilities; (7) assisting the executive director in developing  
 155 regulations to carry out the provisions of this chapter and chapter 226b  
 156 and approving such regulations prior to their adoption; (8) hearing all  
 157 appeals taken under subsection (j) of [said] section 12-574 and section  
 158 [12-802b] 12-815a, as amended by this act; and (9) advising the  
 159 Governor on state-wide plans and goals for legalized gambling.

160 Sec. 3. Section 12-806a of the general statutes is repealed and the  
 161 following is substituted in lieu thereof (*Effective from passage*):

162 As used in this section, "procedure" shall have the same meaning as  
 163 "procedure", as defined in subdivision (2) of section 1-120. The  
 164 Division of Special Revenue shall, for the purposes of sections 12-557e  
 165 and 12-568a, subsection (d) of section 12-574 and sections 12-802a, [12-  
 166 802b,] 12-815a, as amended by this act, and this section, [and section  
 167 12-815a,] regulate the activities of the Connecticut Lottery Corporation  
 168 to assure the integrity of the state lottery. In addition to the  
 169 requirements of the provisions of chapter 12 and notwithstanding the  
 170 provisions of section 12-806, the Connecticut Lottery Corporation shall,  
 171 prior to implementing any procedure designed to assure the integrity  
 172 of the state lottery, obtain the written approval of the executive  
 173 director of the Division of Special Revenue in accordance with  
 174 regulations adopted under section 12-568a.

175 Sec. 4. (*Effective from passage*) Section 12-802b of the general statutes  
 176 is repealed.

This act shall take effect as follows:	
Section 1	<i>from passage</i>
Sec. 2	<i>from passage</i>
Sec. 3	<i>from passage</i>

Sec. 4	<i>from passage</i>
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**Statement of Legislative Commissioners:**

In subsection (c) of section 1, the words "person or" were inserted before "business organization" for accuracy and consistency. In subsection (j) of section 1, definitions of "business organization" and "person" were incorporated for clarity.

**PS**            *Joint Favorable Subst.-LCO*

**JUD**           *Joint Favorable*